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EC Acts To Encourage Cattle and Beef Imports

U.S. Spurs Beef Imports

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In this issue:

This week's cover:

Picking tea in Kenya. Kenya is one of the countries, and tea one of the products, involved in the Japanese overseas aid and investment program that is searching out new import sources for agricultural products Japan needs to import in volume. (See story beginning on page 6.)

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European Community Suspends Import Duties On Cattle and Beef

The European Community (EC), faced with sharply rising beef prices, has suspended import duties—16 percent on live cattle and 20 percent on beef—on an experimental basis. Duties were not suspended on processed meats such as corned beef and other preserved beef products. The suspension, which became effective June 5, will continue until September 15, if two criteria are met.

First, the EC average price must stay at 13 percent or more above the orientation price. At the end of May the average price was up nearly 20 percent.

Second, prices in each country must remain at least 9 percent above the orientation price. The latest price data showed Italy, Belgium, and France each up more than 21 percent; while Germany was up nearly 17; and the Netherlands, just over 15.

The measure was adopted because EC cattle prices have skyrocketed since last October. By mid-May they had risen 20 percent—equal to $43.25 per 100 pounds (live weight).

Normally cattle prices reach seasonal peaks during the summer months and then begin to decline in September when marketings pick up as fat animals come off summer pastures and dairy animals are culled prior to winter stabling. However, declines in dairy herds in past years have increased production over normal cull rates. Now, cattle declines are leveling off and net herd expansion may even be underway. This could be caused by anticipation of a $60-per-head subsidy under a proposed EC beef expansion program. The proposal is that farmers having at least 30 head of cattle—with a minimum of 20 cows and heifers—will be eligible for the subsidy if they increase their herds by 30 percent in 3 years.

These factors will contribute to a drop in beef production of 4 to 6 percent from output a year ago.

As a result marketings probably will not increase very much in September

and little price relief is expected.

France. The French Government, which asked for the suspension in order to import 15,000 to 66,000 tons of hindquarters, would like to see it made permanent. However, French producer groups are dissatisfied. They expected prices to stabilize until August and then decline seasonally. But with the world shortage of hindquarters, prices in the United Kingdom and Ireland—the only immediate sources—are expected to continue to spiral upward. Exporters will raise their prices and importers and wholesalers will up their margins. Thus, little of the duty suspension savings will be passed on to consumers.

Recently, France's Ministry of Finance and the National Butchers' Confederation negotiated a new price ceiling schedule for beef. Under this agreement, purchase prices will rise from 75 cents a pound to 88 cents and the butchers' markup will go from 16.9 cents to 17.4 cents immediately, with a further raise to 17.6 cents by October 1, 1972. The agreement does not cover loins, round steaks, and rib steaks for which butchers may set their own prices.

While the agreement resolves the situation resulting from major wholesale beef price increases, it does not completely satisfy the butchers. In fact, the butchers of Paris have announced that they will not accept it. They want freedom to establish their own retail prices. Price officials plan to negotiate again with the Paris butchers, but if negotiations fail, they will tax Paris beef prices.

A look at recent prices for Grade A steers (carcass weights) shows how quickly they have gone up. They were 79 cents a pound in March, 84 cents in April, 91 cents in May, and 98 cents on June 5.

The Netherlands. As a result of the duty suspension, the Netherlands will import substantially more live slaughter cattle from the United Kingdom, Ireland, Denmark (if available), and the East European countries, particularly Hungary. To a lesser extent, it will increase imports of fresh chilled beef from the same sources.

British housewives are paying more for beef since the EC duty suspension.

Since frozen beef prices on the world market already are high, no major increase in imports is anticipated. Larger imports of good quality beef for retail sales might be forthcoming, but no significant shifts are expected in frozen beef purchases for industrial use. Pork has partially replaced beef in this area and EC pork prices are low relative to beef.

Expanded imports could bring domestic beef prices down, but no substantial price cuts are foreseen. This is because the beef supply situation in surrounding countries is tight. Thus, additional demand from EC countries such as the Netherlands will immediately drive prices up in originating countries.

Italy. Italy anticipates a downturn and leveling off of the high price curve for cattle and beef during the suspension, but expects it to be minimized because of recent price rises in exporting

Culling of grass-fed, dual-purpose cattle will help ease British beef shortage.

countries. Italians are concerned about price increases after the suspension is lifted. They expect imports of cattle and beef to expand, but will not estimate by how much, although they feel that the emphasis will be on meat.

Italy does not expect domestic output to change as a result of the suspension. Italian consumers still are seeking substitute meats to replace beef.

Germany. Germans expect little impact on internal prices because of rising beef prices in supplying countries. Most trade contacts expect the present situation to continue beyond summer and the suspension to be extended.

Belgium. Belgian cattle prices reached a peak in mid-May and then began a decline which was hastened by the suspension. There is some speculation that the seasonal increase in supply and reduced summer demand might cause prices to drop enough to force reinstatement of the levy. Rising prices in the United Kingdom and Ireland—major suppliers—however, will be a prime factor.

United Kingdom. Since the United Kingdom is a major supplier of beef to the EC, suspension of the duty will increase Community demand and aggravate the present rising trend in British beef prices. Also, there will be some diversion to Europe of imported supplies intended for the U.K. market. To keep this diversion at a minimum, the United Kingdom has suspended its 5-percent import duty on boneless beef and veal and chilled and frozen bone-in beef and veal from nonpreference area sources. The suspension, which went into effect June 7, will continue through July 15. This puts England on the same import footing as the EC. Imports from nonpreference areas, however, are only a small part of total supplies.

The main danger of the EC duty suspension to Great Britain will be the diversion of Irish beef and livestock from the United Kingdom to the Community. This will result in lower supplies and even higher prices. Heavier supplies of grass-fed beef, expected from late July, could steady the market.

The U.K. beef trade, greatly alarmed at swiftly rising prices, has asked the Minister of Agriculture to take checking action. The trade blames the rise on the EC duty suspension. Reportedly, the United Kingdom and other prospective new members of the Community were consulted before the move and the

(Continued on page 12)

INDIA'S AGRICULTURAL GOAL IS S

Remarkable upsurge in wheat production spurs hope for added output of other basic products.

By JAMES H. BOULWARE
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Following a remarkable expansion in wheat production, India in 1971 implemented a policy of self-sufficiency in foodgrains and the Government's Planning Commission is expanding the self-sufficiency theme by making widely publicized plans to increase domestic production of manufactured goods and other raw materials, including such basic agricultural items as cotton, fats and oils, and jute.

In line with these plans, the Indian Government has discontinued imports of foodgrains on concessional terms. (The term foodgrains refers to all grains and pulses used regularly in the Indian diet as a source of protein.) The decision, following closely the Indian victory over Pakistan in a short war, was a popular one which drew strong political support.

During the early stages of implementation of its plans, some of which have been hastily drawn, the Government may take steps to curtail other imports. Such curtailment could have an impact on world and U.S. exports of soybean and other vegetable oils, tallow, and cotton.

U.S. agricultural exports to India during 1969-71 (mostly on concessional terms) averaged $263.4 million a year. Of this total, wheat averaged $107.2 million; cotton, $38.2 million; vegetable oils, $27.3 million; and tallow, $19.9 million.

The current surge of confidence in India's productive ability is a recent reversal of decades of constant concern over food shortages. Even in the mid-sixties, many of India's people were uncertain of their food supplies. Now, however, the masses are confident that their daily bread will not only be available, but will be available in abundance.

India's sudden abundance raises some

SELF-SUFFICIENCY

questions, however. The major ones are: Can the per capita grain supply be maintained? And can production of other agricultural commodities be raised comparably? Important questions for trading nations are: Will the Indian economy expand sufficiently to make the country a viable trading nation? Or will the country turn inward and attempt to progress by becoming self-sufficient in all things?

Without question, India's progress in grain output since 1966 has been good. In wheat it has been phenomenal. Wheat production rose from 12 million tons in 1966 to an expected level of 26 million tons in 1972 (year ending June 30). Total grain production (wheat, rice, corn, sorghum, and millets) climbed from an annual average of 70 million tons in 1964-66 to about 100 million in 1972. The gross per capita supply during these periods has risen from 322 to 390 pounds a year.

The remarkable progress in wheat production was the result of a combination of circumstances. The ambitious, well-educated north Indian farmers had grown wheat for years, and were well versed in irrigation and water control. In 1964, high-yielding Mexican wheats were introduced in India, and at the same time fertilizers became available. The farmers adapted to them rapidly. Plantings rose from an insignificant area in 1964 to an estimated 18 million acres in 1972. This represents virtually all the irrigated wheat area.

Results have amply justified farmers' risks in shifting from a subsistence to a commercial agriculture. Whereas failure could have meant bankruptcy, the remarkable success that resulted has changed the Indian grain situation from one of scarcity to one of abundance.

Only nominal progress has been made in the output of rice and other foodgrains. Rice production has grown only 10 percent in 7 years and other grains have fared even less well.

New rice varieties require more precise water control than traditional varieties and, by and large, this control has been lacking. In addition, insects and disease problems multiply with increased plant populations.

Although rice, corn, sorghum, and millets are expected to have substantial prospects for the decade ahead, these are not yet apparent. It is probably fortunate that rice output has not soared in proportion to that of wheat. If it had, outturn would now approximate 70 million to 80 million tons yearly, creating nearly insurmountable marketing and storage problems.

As things now stand, there is every reason to believe that in years of average production during the seventies, grain supplies should be adequate to meet consumption needs and to support limited expansion of India's livestock industry. Even if poor growing conditions create shortages, they are not likely to approach those of the sixties.

(Continued on page 12)

Top, Indian women haul heavy bundles of harvested rice to their villages for threshing. Above, women also clean the threshed rice.

JAPAN'S OVERSEAS AID AND INVESTMENTS BUILD NEW SOURCES OF FOOD AND FEED IMPORTS

Part II. Principal countries and areas

By CLARENCE E. PIKE
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The countries considered likely to show the most significant increases in farm exports as a result of Japanese overseas agricultural programs are Australia, Brazil, Cambodia, Indonesia, and Thailand. But Africa and Latin American countries other than Brazil can also be expected to boost their farm export totals through these programs.

Australia, with its abundance of land and mineral resources and its technical capabilities for greatly expanding production, is of keen interest to the Japanese as a growing source of supply for raw materials and as a market for industrial goods.

With Australia's trade shifting from Western Europe to the Far East, Japan has become the Commonwealth's largest market for farm products. And for Japan, Australia is second after the United States as a source of imports—both total and agricultural.

In the late 1960's, the Japanese began to encourage Australian agricultural production for export. One of Japan's largest trading companies joined with an Australian company to promote grain sorghum production in New South Wales and Queensland. By 1971—owing largely to unusually favorable rainfall—the harvest in these two States had reached 1.3 million tons—some five times the pre-1970 level. Exports to Japan in 1971 were approximately 1 million tons, compared with about 250,000 in 1970 and a negligible quantity in 1969.

Japanese are active in an Australian sorghum/corn/cattle enterprise.

In the spring of 1971, the Australian company purchased the Japanese interest.

Another Japanese firm is promoting grain sorghum production on newly irrigated lands in Western Australia; and Japanese interests are also active in a combination grain sorghum, corn, and beef cattle enterprise in Queensland that expects to be exporting 70,000 tons of feedgrains annually by 1975.

Japanese capital is invested in feedlot and other beef production enterprises launched during the past 2 years in four Australian States. Some production-for-export projects are sponsored by Japanese hotel and restaurant chains; some are tied in with feedgrain production projects. The largest of these enterprises will consist of a 20,000-head herd. All the meat produced is scheduled for export.

The Japanese have also shown keen interest in promoting Australia's oilseed production. Japanese manufacturers have helped establish a rapeseed industry near the Western Australia seaport of Albany by offering to buy all production up to 50,000 tons annually at a very favorable price. In New South Wales, which is trying to convert wheatland to oilseeds, the Japanese have promised a market for all oilseeds produced.

Brazil is the home of some 700,000 persons of Japanese ancestry and has long benefited from the investment of their skills, particularly in agriculture. Japanese monetary investment too has been increasingly important. By mid-1971 it totaled $550 million in widely diversified projects.

Late in 1971, a Japanese mission visited Brazil to study corn production and port handling facilities. Mission members said they believed Brazil could become one of the world's top corn exporters; but their suggestions emphasized need for improvements such as development of harbors near corn-growing areas that can handle 60,000-ton ships; purchase of suitable railway cars; and installation of grain elevators and warehouses. A later mission examined the expansion of grain sorghum production for export.

Since 1970, a Japanese trading firm has helped foster the production of cotton, soybeans, and corn on a large tract in Minas Gerais State, committing

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itself to purchase at market prices all the cotton grown. By 1976, the firm projects cotton output of 50,000 tons, plus substantial exports of corn, soybeans, and cottonseed.

In 1971, a joint Japanese-Brazilian meat production enterprise was launched in Mato Grosso State with several hundred cattle. Other enterprises with Japanese ownership are engaged in the production of pepper and green tea, and the operation of abattoirs, cotton gins, and other agri-industries. Japanese trading firms export coffee, cotton, grains, meats, peanuts, pepper, sugar, and other farm commodities.

Several Japanese investments are concerned with export-aiding improvements such as a new shipyard under construction in Rio de Janeiro, and port and dock facilities in Espírito Santo State. Important too is Japan's technical aid program in Brazil, with Japanese specialists working there on technical problems while Brazilian technicians study in Japan.

Other Latin American countries are also of interest to the Japanese in their search for trade diversification. Most have received visits from Japanese missions; and Japanese trading companies are expanding their purchases of Latin American farm products.

Direct Japanese investments in food and fiber production are limited in comparison with those in mining and manufactures. Projects underway include abaca in Ecuador, beef in Paraguay, and cotton in Central America; projects under consideration include vegetable freezing in Mexico, sugar milling and bananas in Ecuador, and grain handling in Argentina.

More extensive Japanese involvement has taken place in railway, port, and warehouse installations that assist exports of farm products.

As a result of Japanese aid and investment, exports of farm products from Latin America will almost surely show a substantial increase by 1980. Larger exports to Japan and elsewhere will include corn, cotton, meat products, soybeans, tropical fruits, and other tropical products.

Cambodia, under a postwar agreement with Japan, is receiving $4.2 million in economic and technical assistance. Before the Cambodian emergency began in 1970, the Japanese Government had built and equipped a crop experiment and seed multiplication center and a livestock breeding and research center, for both of which it agreed to provide technicians and materials.

Japan's chief agricultural venture in Cambodia is the commercial production of corn. Still delayed by the emergency is work on the 12,000-acre cornseed farm planned in the Prek Knot area by SOCTROPIC (Société Khmer des Cultures Tropicales), a company jointly owned by the Cambodian Government and a Japanese consortium. Also postponed are plans of a private Japanese company for joint ventures with local Cambodian cooperatives in corn growing and livestock raising. Nonetheless, Japan expects to be importing 300,000 tons of corn annually from Cambodia by 1980.

Indonesia represents to Japan both a growing market and an expanding source of agricultural raw materials. The Japanese are increasingly involved there in farm production and infrastructure projects that will assist in boosting Indonesia's agricultural exports. Projects now underway might result in exports by 1980 of at least 500,000 tons of corn, 200,000 tons of grain sorghum, 50,000 tons of peanuts, and substantial additional quantities of other oilseeds, green tea, silk, and certain other farm commodities.

A major Japanese trading company, working with an Indonesian agricultural cooperative in southern Sumatra, is developing a large agri-industrial complex including corn production, ports, and highways. Plans call for crop areas to reach at least 30,000 acres, and yields are expected to average 3.5 tons per acre annually (on a two-crop basis). Local farmers are to be encouraged to equal this output for export. If the project is reasonably successful—and reports indicate steady progress—at least 200,000 tons of corn will be exported from this area to Japan by 1980; some Japanese envisage a million tons a year.

On Sulawesi Island, a production-for-export project was begun in 1970 by a joint Japanese-Indonesian firm, with Japanese Government financing. A 500-acre model farm is to grow corn, peanuts, and castorbeans, while local farmers are provided with seeds and technical aid and encouraged to grow the same crops under contract. By 1975, more than $5 million worth of exports to Japan is expected, including 30,000 tons of corn or more; and by 1980, exports are expected to include at least 100,000 tons of corn and 50,000 of peanuts.

At a Colombo Plan corn production project in eastern Java, Japanese aid technicians are concentrating on variety development, disease control, and problems of drying and fumigating corn for export. Private Japanese interests have installed corn drying, fumigating, and handling equipment at the port of Sura-

Japan is encouraging Brazil to improve port facilities near corn areas.

Japanese technicians help Indonesians clear land for joint corn project.

Harvesting peanuts—one of many Thai products Japan sets import targets for.

baja. A total of 1,500 acres in three experimental and demonstration crop areas has been planted to corn and is reported to be achieving high yields. Most potentially arable land in eastern Java is already fully utilized; but with higher yields and improved marketing facilities, it is expected that this area can export 100,000 to 200,000 tons of corn by 1980.

In Java's Krawang area, sorghum production is being promoted by a private Japanese firm which will purchase the output. Area under cultivation is expected to reach 250,000 acres, and the firm looks for exports to Japan of 200,000 tons annually before 1980.

A large Japanese firm announced in late 1971 its intention of establishing an animal feed manufacturing enterprise in Indonesia. Using locally procured ingredients, the firm expects to sell part of its output in Indonesia and export part to Japan.

Thailand, location of some of Japan's earliest postwar activities in economic development, continues to receive Japanese technical aid and financing on a large scale. In view of the long-term trade deficit in favor of Japan, Thailand has strongly urged Japan to buy more Thai goods; and Japan is actively promoting Thai production of agricultural items like corn, soybeans, and silk, as well as agricultural and light industrial products for export to third-country markets.

Japanese assistance is also going to transportation and harbor facilities for this export trade. Investment by three of Japan's largest trading firms doubled the capitalization of Thailand's biggest elevator operation and will aid in the collection and export of corn and other products.

Since 1961, a Japanese importers' cartel, the Thai Corn Importers Committee, has committed itself to purchase certain amounts of Thai corn each year. For the period September 1971-May 1972, the Japanese agreed to buy a record total of 1 million tons —about half Thailand's crop—compared with 845,000 tons in the same period of 1970-71.

Japan continues to designate import targets for a long list of Thai products, as it began to do in 1970 in response to Thai pressure. On the list besides corn are grain sorghum, cassava pellets, mung beans, peanuts, sesame, castorseed, kapok and kapok seed, rubber, hides and skins, sugar, canned corn,

Cassava ready for grinding. Thailand sells Japan pellets of cassava starch.

canned pineapple, and cotton linters.

Africa too is a growing market for Japanese goods and a key source of raw materials—especially for several minerals, and for cotton, feedgrains, oilseeds, and other farm products. Japanese policy for Africa now emphasizes increased aid, expanded investments (stressing joint ventures), and the development of agricultural and mineral resources for export and of roads, ports, and other improvements.

Japan enjoys a favorable balance of trade with Africa as a whole, but the picture varies among countries. Unfavorable balances for Japan exist with South Africa—for corn, sugar, and minerals; Zambia—for minerals; Ghana—for cocoa; Egypt—for cotton; and Uganda—for feedgrains.

In contrast, Ethiopia, Kenya, Nigeria, the Malagasy Republic, and Tanzania—with which Japan has favorable balances—are all urging Japan to take more of their goods. The Japanese have responded with technical aid and with some investments to promote the production of agricultural items Japan needs. Official Japanese policy statements indicate that large Government loans will be extended, especially for expanding and improving transport and other export facilities in connection with agricultural and other resource enterprises involving Japanese companies. Credit terms on Government loans to African countries are to be softened.

Japanese agricultural investments in Africa include corn and other feedstuffs, meat products, and green tea.

The African Development Co., an affiliate of Japan's largest farm supply cooperative, is producing feedgrains in Tanzania and Ethiopia. The countries made land available free of charge; the company is developing it, installing facilities for handling the commodities, building a transport system; the cooperative will import all the output.

A major Japanese trading company jointly owns with the Malagasy Government a farm that will raise, fatten, and slaughter 10,000 to 20,000 cattle annually, marketing the processed meat in Japan. Ethiopia and Malagasy enterprises have been set up to manufacture beef extract, which Japan is now importing from them. A joint-venture enterprise in Kenya will grow and process green tea for export to Japan; eventually, annual export sales of 10,000 tons are expected.

Outlook. Japanese import requirements for feedgrains (mainly corn and grain sorghum) and oilseeds (mainly soybeans) are expected to gain rapidly during the 1970's. These items, for which the United States is now the dominant supplier, are those on which the Japanese are placing most emphasis in their overseas programs.

By 1980, it is possible that much of the increased need expected for feedgrains in Japan will be met by production from overseas projects in which the Japanese have an interest. In oilseeds, the United States may fare better, since Japan's production-for-export projects in oilseeds are recent, and their output speculative.

Competition in third-country markets may also be stiffer for U.S. feedgrains and perhaps other commodities as a result of increased world supplies stemming from Japanese-supported projects. But because of the market growth anticipated, U.S. opportunities in foreign markets outside Japan will probably not decrease before 1980.

The increasing variety in the Japanese diet, plus the rapid rise in per capita incomes, should provide opportunities for expanded sales of many U.S. food items. Among these will be dried fruits, nuts, processed vegetables, high-quality meats, and many specialty food items.

By themselves, Japanese overseas programs seem unlikely to bring about an absolute reduction in U.S. farm exports to Japan by 1980, and new opportunities are opening in that market. But strong new competition will develop from overseas projects already initiated. Also, it seems likely that the production-for-export policy, plus infrastructure projects contributing to that end, will continue and expand. Therefore, the United States must be fully competitive in quality, price, and terms and thoroughly reliable as a source of supply.

President Removes Quantity Restrictions On Beef Imports for Remainder of Year

In an effort to counter recent rises in meat prices, President Nixon on June 26 directed removal of all quantitative restrictions on meat imported into the United States for the balance of 1972.

Saying he was satisfied that the move would not endanger "the economic position of our livestock producers," the President in a letter to Agriculture Secretary Earl Butz praised the producers for their "sustained and essential contribution to meeting our growing demand for beef."

U.S. beef and veal production in 1972 is estimated at 23.3 billion pounds. It has been rising steadily since 1968 when it amounted to 21.6 billion pounds. In 1951, production had been only 9.5 billion pounds.

In his statement announcing the action, the President said, "The recent rise in the price of meat is in part due to an improving economy here at home causing increased demands for meat which have not been matched by increased supplies. This action is intended to encourage more meat imports into the United States, thereby increasing the supply available here."

The President's action will facilitate the ability of American importers to obtain beef in world markets. Some other major importing areas of the world also have removed their barriers to imports. (See article beginning on page 2 of this issue.) The explosion in demand for beef is a worldwide phenomenon.

As Secretary Butz told members of the California Livestock Association June 15, "Around the world, because of attractive prices, cattle producers are holding back cows and heifers for herd building that might otherwise have been slaughtered.

"It is simply a fact that a cow produces just one calf a year, and in times like these, modern livestock industries save females for breeding."

In his statement the President warned that removal of quantitative restrictions on meat imports might not fully solve the problem. He said that further action would be taken as needed.

Congress passed the Meat Import Law (P.L. 88-482) in August 1964, following a 10-year rise in imports and a sharp decline in U.S. cattle prices. The problem had come to a head the year before when imports, mostly from Australia and New Zealand, reached a record of over 1 billion pounds. Meantime, U.S. farm prices declined during 1963 and early 1964, spurring Congressional action. At the time, the United States was the only major importer that did not restrict, or impede, imports of meat.

The Meat Import Law, which applies to chilled and frozen beef, veal, mutton, and goat, requires the Secretary of Agriculture to issue quarterly estimates of quantities of these meats to be imported during the calendar year. It provides a method of establishing an annual quota quantity related to changes in domestic production, the idea being to accord imports a fixed share of the U.S. market. A "trigger" quantity is established each year at 110 percent of the quota quantity, and any time the Secretary's estimate for the year exceeds that trigger level, the President is required to proclaim quotas. Finally, the law provides a means for suspending or increasing quotas.

The first voluntary restraint program began in late 1968. The level of imports that year was 1,001 million pounds. This program has been continued since then. The imports in 1969 were 1,071 million pounds. In 1970, they were 1,153 million and for 1971 they were 1,112 million. The decline was due to the dock strike.

The adjusted base quota for 1972 was placed at 1,042.4 million pounds, under the formula provided in the law, requiring imposition of the quota should the import estimate exceed 1,146.6 million pounds.

Since imports in 1972 were estimated to exceed the trigger quantity, the President on March 9 limited imports of meat subject to the Act. At the same time he suspended that limitation and directed that a program of voluntary restraints be negotiated with major supplying countries. This program permitted imports in 1972 of 1,240 million pounds—a level 11 percent above actual imports in 1971.

The breakdown of this total by supplying countries was:

	Million pounds
Australia	600.4
New Zealand	250.9
Ireland	74.7
Mexico	78.2
Nicaragua	44.8
Guatemala	25.3
Costa Rica	39.8
Honduras	16.7
Dominican Republic	12.5
Panama	6.1
El Salvador	3.0
Haiti	2.6
Canada [1]	80.0
United Kingdom [1]	5.0
Total	1,240.0

[1] No restraints in effect.

U.S. IMPORTS OF MEAT SUBJECT TO MEAT IMPORT LAW, JANUARY-MAY, 1972, WITH COMPARISONS [1]

Country of origin	May 1971	May 1972 [2]	Jan.-May 1971	Jan.-May 1972 [2]	Percent change from 1971: May	Percent change from 1971: Jan.-May
	1,000 pounds	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*	*Percent*	*Percent*
Australia	35,834	54,691	153,472	219,645	+53	+43
New Zealand	14,480	24,545	70,708	81,047	+70	+15
Costa Rica	3,566	5,082	28,164	32,765	+43	+16
Mexico	7,764	7,418	44,787	34,502	−4	−23
Nicaragua	2,506	3,157	16,418	20,376	+26	+24
Canada	6,963	6,146	32,949	23,130	−12	−30
Ireland	3,033	2,148	34,023	19,875	−29	−42
Guatemala	1,001	1,722	7,821	9,924	+72	+27
Honduras	1,149	1,668	7,793	7,783	+45	—
Panama	70	291	1,321	1,640	+316	+24
Dominican Republic	341	920	926	4,841	+170	+423
United Kingdom	21	—	1,149	37	—	−97
Haiti	51	115	277	816	−125	+195
Total [3]	76,778	107,901	399,808	456,382	+41	+14

[1] Fresh, frozen, and chilled beef, veal, mutton, and goat meat including rejections. Excludes canned meat and other prepared or preserved meat products. [2] Preliminary. [3] May not add due to rounding.

CROPS AND MARKETS

GRAINS, FEEDS, PULSES, AND SEEDS

Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	June 28	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 1 CWRS-14	1.99	+2	1.97
USSR SKS-14	(1)	(1)	1.90
Australian FAQ [2]	1.76	−1	1.76
U.S. No. 2 Dark Northern Spring:			
14 percent	1.86	0	1.97
15 percent	1.92	−1	2.02
U.S. No. 2 Hard Winter:			
13.5 percent	1.77	0	1.88
No. 3 Hard Amber Durum	1.80	−2	1.80
Argentine	(1)	(1)	(1)
U.S. No. 2 Soft Red Winter	(1)	(1)	1.76
Feedgrains:			
U.S. No. 3 Yellow corn	1.44	+1	1.76
Argentine Plate corn	1.72	+1	1.82
U.S. No. 2 sorghum	1.43	+2	1.63
Argentine-Granifero sorghum	1.44	+1	1.62
U.S. No. 3 Feed barley	1.20	+1	1.30
Soybeans:			
U.S. No. 2 Yellow	3.74	+1	3.49
EC import levies:			
Wheat [3]	[4] 2.03	+4	1.39
Corn [5]	[4] 1.34	+4	.69
Sorghum [5]	[4] 1.33	−2	.89

[1] Not quoted. [2] Basis c.i.f. Tilbury, England. [3] Durum has a separate levy. [4] Effective October 14, 1971, validity of licenses with levies fixed in advance is a maximum of 30 days. [5] Italian levies are 21 cents a bu. lower than those of other countries.

Note: Basis 30- to 60-day delivery.

The Philippines Signs Rice Swap Agreements With Hong Kong Firms

The Philippine Rice and Corn Administration has signed agreements with two Hong Kong-based trading firms for the exchange of various Philippine products (such as abaca, cement, lumber, and coconut products) for 200,000 tons of rice. This rice was authorized for import by the National Economic Council (NEC) in March.

Under the contracts, one company will supply 100,000 metric tons of rice from Mainland China at US$87.50 per metric ton, while another will supply 100,000 tons of Thai rice at $86.30 per metric ton. The rice is scheduled to arrive during the last half of the current calendar year.

This purchase brings the total amount of rice contracted for import by the Philippines during the current year to 500,000 tons, the total amount authorized by the NEC for import during 1972.

There is no financing provided for the 200,000 tons of rice. Imports of rice and exports of local products will be conducted on the basis of commercial letters of credit.

SUGAR AND TROPICAL PRODUCTS

Mexico Abolishes Sale Of Adulterated Coffee

The Mexican Congress recently decreed a law governing the manufacture and sale of roasted coffee. The law specifies that roasted coffee shall be sold only in a pure state. "Adulterated coffee" is a term used to describe coffee that has been produced and packed with a blend of foreign matter, thereby adulterating or reducing its properties.

Coffee concentrates will not be regarded as adulterated coffee because they incorporate only necessary additives chosen to preserve the product in accordance with rules and technical norms established by the Secretariats of Health and Welfare and of Industry and Commerce.

The new law becomes effective 90 days after its publication on May 25 in the Government's *Diario Oficial.*

FRUITS, NUTS, AND VEGETABLES

West Germany Announces Asparagus Import Tender

West Germany has announced a tender allowing imports of canned asparagus cuts and tips from the United States, Canada, Mexico, Argentina, Brazil, Peru, Australia, Denmark, Israel, Japan, and Poland.

Applications for import licenses will be accepted until an undisclosed value limit is reached but not later than December 28, 1972. Licenses issued will be valid until December 31, 1972.

Grapes Now Second Largest Fruit Crop in Canada

Growing sales of Canadian wines are credited with making the 1971 grape crop Canada's second largest fruit crop (next to apples). Of the Can$12 million received by grape growers for last year's crop, $10.5 million was for grapes used in winemaking.

Prices paid to grape growers by winemakers have risen 41.9 percent from the 1966 average of Can$112 per ton.

Retail wine prices have not risen proportionately, but in spite of the resulting cost squeeze, winery profits continue to rise and many are planning expansion.

One Canadian winery plans to use both domestic and California grapes. Wineries are also importing concentrates from Spain, Greece, and Cyprus. One winery has obtained special permission to import blending wines, and plans to begin marketing wines in Canada and the northeastern United States by next September.

COTTON

Cotton Textile Imports On the Rise Again

Cotton textile imports into the United States increased 38 percent in the January-April period of 1972 compared with those in the same period of 1971. There was an increase of only 6 percent for manmade fiber textile imports and a drop of 29 percent for wool textile imports.

Increased cotton textile imports are attributable in part to rising interest in filling cotton textile quotas among a number of bilateral agreement countries that had been undershipping the allowable limits. Except for Hong Kong, this situation is probably unrelated to the present controls on manmade fiber textiles, which until October of last year had been free of quota while cotton textiles were controlled. Import data show very large increases in imports of cotton yarn and fabric from Brazil, Colombia, Mexico, Pakistan, and Portugal.

The strong import market for cotton textiles, including apparel, is due to the strong demand for and higher prices of cotton textile products in the United States.

Pakistani Devaluation Raises Import Cost of U.S. Cotton

Devaluation of the Pakistani rupee in early May by approximately 131 percent in relation to the U.S. dollar is reported to have more than doubled the landed cost of extra-long staple (ELS) cotton imported under the U.S. Public Law 480 program. This is expected to reduce imports of ELS cotton from the United States under the current purchase authorization, because there are no import duties or other charges that can be changed to reduce the landed cost of this cotton.

The Pakistani Government is also reported as wanting to maintain current domestic prices for ELS cotton so that the higher landed price cannot be passed on to the consumer.

LIVESTOCK AND MEAT PRODUCTS

Peru Plans To Import 76,000 Head of Cattle

Peru is implementing an emergency livestock program to import 76,000 head of cattle in order to take advantage of vegetation that has sprung up in otherwise unproductive areas as a result of the March-April floods.

The emergency program, with financing of more than $17 million, is independent of other flood and disaster rehabilitation aid, and is separate from the Government's program for developing livestock in jungle areas.

The plan, decreed May 16, provides:

- Financing for operating expenses, and for the importation of 30,000 grade Zebu or Brahma heifers, 1,600 purebred Brahma, Brown Swiss, or Zebu bulls, and 15,000 steers or feeder-type animals.
- Authorization for the Ministry of Agriculture to issue licenses through May 30 for the importation of about 30,000 head of steers or feeders, up to a value of $4.5 million.

The advantages of the plan are seen as twofold. The Government hopes the importation of large numbers of cattle will reduce later requirements for imports of slaughter cattle and meat. At the same time, it will use the fortuitous pasture growth as an intermediate stop for heifers and bulls eventually destined for the jungle livestock program.

When the grass is depleted, the plan is to move the steers and commercial cattle to market and drive the breeding stock over the mountains to the jungle.

Offers reportedly have been made by livestock interests in Costa Rica, Panama, Argentina, Paraguay, and Brazil.

The Government hopes to receive the cattle by mid-July because it is not known how long the flood-caused pastures will remain green.

DAIRY AND POULTRY

Australia's Dairy Board Invests in Asian Plants

Australia's Minister for Primary Industry introduced legislation into Parliament in early March 1972, to clarify the investment authority of the Australian Dairy Produce Board, particularly as related to its investments in Asian milk reconstitution plants.

In the early 1960's the Board, with approval of the Commonwealth Government, used funds from the Dairy Industry Stabilization Fund which had accumulated under the postwar contracts with the United Kingdom, for investments in joint recombining plant ventures in Southeast Asia. This financial reserve has now been virtually exhausted, and the Board sought approval to use monies in its general accounts for this purpose. As the legal situation was not entirely clear, the new legislation amends the Dairy Produce Export Control Act in such a way as to remove any doubts in this regard.

Although some dairy industry spokesmen have been critical of the Board's investments in Asian plants, the Board points with some pride to the fact that since 1963 it has sold butter oil and skim milk powder to the plants valued at $43 million. The Board estimates that from July 1971 through June 1972 about 10,000 tons of butter in the form of butter oil and some 30,000 tons of skim milk powder worth about $18 million were shipped.

Despite buoyant export markets for butter and skim milk powder during recent months, the Board has continued to supply the plants at concessional rates. It believes that the shortage of dairy products will be relatively short-lived, and that these Asian outlets must be developed in the light of United Kingdom arrangements to enter the EC.

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INDIA'S AGRICULTURAL GOAL (Continued from page 5)

Although total foodgrain output is expanding, India produces only low-quality bread wheats. The country's baking industry is convinced it needs high-quality U.S.-type wheat for bread production, which has been rising at a rate of 10 percent or more a year for the last decade.

In sharp contrast to the progress in grain production is the virtual stagnation in pulses—the major high protein food in the Indian diet. Over the past decade, output of peas, beans, and lentils has remained almost at a standstill. Production of 12.5 million tons was recorded for the 3-year period ending in 1961, compared with 11.2 million in the comparable period ending in 1971. This has pushed per capita availability down from 64 to 46 pounds a year. Unless acreage is diverted from grains to pulses, this pattern will continue.

Production of other items, too, has not kept pace with India's growing population and demand. Some of these items are important in world trade. Of particular interest to the United States are edible oilseeds, cotton, and fats and oils for the soap industry.

Rising incomes have rapidly driven up demand for edible oils, soap, and textiles. Although synthetic fibers have partially filled the textile gap created by the cotton shortage, substantial imports of cotton, as well as vegetable oil and tallow, still are needed for growing uses.

Most oil imports have come from the United States under Public Law 480 and most tallow, also from the United States, under AID (Agency for International Development) loans. Although the demand for cotton on concessional terms has grown, commercial purchases averaged about 450,000 bales annually in 1970 and 1971.

In December 1971, as a consequence of the Indo-Pakistan War, the United States suspended some of its economic assistance programs to India. Though P.L. 480 commodities were not specifically suspended, this move nonetheless halted, at least temporarily, most concessional imports of tallow, vegetable oil, and cotton.

India reacted immediately with its announced intention of becoming self-sufficient in these commodities and discontinuing imports as soon as possible. A number of steps were taken to increase acreages of cotton and oilseeds and to locate domestic substitutes for tallow.

Some of India's recently announced plans to step up production of cotton and oilseeds are commendable and long overdue, while others are long range and perhaps utopian.

India's position in farm production and trade in the coming years will be important in world markets and can affect U.S. agriculture. India will try to raise the level of living of its people and will push for self-sufficiency despite economic costs. Its poverty and the substantial international debt repayments due in coming decades will make it easy to sell domestically the idea that the country cannot afford to import.

However, implementation of the self-sufficiency thesis probably would make life more difficult, especially for the lower income people. Shortages of fats, oils, and fibers are expected to continue. And commercial bakeries will suffer if no milling wheats are imported.

On the other hand, as its economy grows, India should be able to adopt a flexible trade policy. This would enable the country to concentrate production on items in which it has a comparative advantage, and import those which have a high domestic production cost. In the short run, this course of action would require greater assistance in grants or soft loans. But over the long term, a more nearly free trade policy should enhance prospects for a better life in India and, at the same time, provide mutually beneficial and prosperous trade.

EC Import Duties

(Continued from page 4)

United Kingdom then expressed fears that the suspension would attract additional imports into Europe, both from Britain and from countries which supply Britain. It is understood that the EC Commission agreed to keep in close contact with the United Kingdom on prices and market developments.

The British situation is further complicated by the possibility of a national dock strike this summer. The dock strike probably would prevent landings of imported carcass beef, but might not have any appreciable effect on exports of live animals or beef which are transported mostly by trucks that drive directly onto ships at British ports of export involving no handling by dockers.

And of course, Britain will feel the effects of the continued upward pull on world market prices.